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The Ottawa Agreement and India

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THE OTTAWA AGREEMENT AND INDIA.

I

THREE complete years have elapsed since the ratification by the Indian Legislative Assembly of the agreement arrived at by the Indian delegation at Ottawa. We have considerable statistical information at hand for the course of world trade for two years following the conclusion of the agreement and there are data enough for attempting to form a considered opinion regarding the efficacy of the Ottawa programme. The two documents which will be found most important in considering this problem are the two reports issued by the Government of India "on the working of the scheme of preferences" for the years 1933-34 and 1934-35. The two reports, though planned on identical lines, are yet notably different in character. The first is issued under the signature of Dr. Meek, the then Director of Commercial Intelligence and Statistics, and is a document which embodies emphatically expressed opinions and definite conclusions. The second report is not signed by anybody and does not even purport to issue from the Department of Commercial Intelligence and Statistics; it gives a mass of information and statistics on the lines of Dr. Meek's report but is a comparatively colourless production containing a minimum of comment. It is not known why such a change has come over the report this year; but it is expected that the Government of India will issue a defence of the Ottawa policy in time for the meeting of the Assembly. We have, in what follows, not found it necessary to travel much beyond the

statistical material officially sponsored in these two reports.

There are, as even Dr. Meek has pointed out, a great many difficulties to be met with in an attempt to elucidate the effects of the working of the Ottawa scheme. The course of international trade is affected by factors so numerous and so complex that the effects of a single factor like preferential tariff rates may easily be masked by other movements. It is, therefore, necessary to remember that even in spite of the fullest statistical information any judgment regarding the working of preferences is not likely to be more than a well-informed and well-reasoned guess. It may be pointed out at the outset that in the following analysis it is only the course of the trade on India with the United Kingdom that has been taken into account. The total measure of colonial preferences is so small that they may for all practical purposes be neglected.

We may begin with a consideration of the changes in the total volume of Indian trade with U. K. The volume of this trade has increased more than proportionately during the years 1933 and 1934. This is due to certain broad changes that have recently come about in the world distribution of trade. It is the currency and exchange policies of the different countries that have been mostly largely responsible for the changes. The biggest currency group in the world—the "sterling group"—has since 1932 distinctly gained in its percentage share of the total export and import trade of the world. Japan has forged ahead more than any other single country and so also U. S. A. in 1934. The increase in the trade of India with U. K. that has come about recently is,

therefore, to be attributed not to any measures of trade policy but to general trade movements brought about by other causes. This can be made most clear from the following statistics of the U. K. trade with India in preferential and non-preferential goods.

	1931-32	1932-33	1933-34	1934-35.
Index of the export trade of India with U. K. in articles enjoying preference	100	89.3	109.5	110.2
Ditto— in articles not enjoying preference	100	74.0	112.0	118.6
Index of U. K. imports into India in articles enjoying preference	100	105	118	134
Ditto—not enjoying preference	100	110.3	101.5	114.4

This table shows the comparative changes in the values of Indian exports to U. K. and of imports from U. K. into India of groups of articles enjoying preference and not enjoying preference. It clearly indicates that while the exports in that group of articles which enjoy preference increased from 1931-32 to 1934-35 by about 10 per cent. the increase in the group not enjoying preference is even greater. Hence the only conclusion possible on these figures is that the import trade of U. K. having expanded largely in recent years all kinds of Indian goods have found a widening market in that country irrespective of preferential treatment. It should be noted, on the other hand, that the imports into India of U. K. articles enjoying preference have increased much more than of those not having that advantage.

The general expansion of our trade with U. K., especially export trade, having thus no connection

with the Ottawa arrangements we are left to examine each item of preference individually to ascertain what effect preferential treatment has had on its trade. We had followed this method of attack in our brochure on "Imperial Preference" published on the eve of the consideration of the Ottawa agreement by the Assembly, and we shall have occasion hereafter to refer to conclusions reached therein.

It is obvious that every measure of preference must, like any other measure of interference, have some effect on trade and prices. So that preferences accorded to any commodity in a market must tend to increase the sales of that commodity and additional duties levied must tend to increase the prices of commodities. Circumstances may, however, either minimise or conceal these effects. And our endeavour has to be to note the extent of the effect felt by any trade allowing for the conditioning circumstances.

We may before going on to discuss each item glance at certain calculations made by Dr. Meek and published in Appendix II of the reports on the working of the agreement. These are called "advantage on landed cost in the United Kingdom" and are arrived at by multiplying the declared values of the various exports from India to the United Kingdom by the rate of preference. It is curious that in neither of these reports is any explanation given as to why these calculations have been made and published and as to what it is that they are supposed to represent. They are, of course, meant to lead the unwary reader into believing that they represent the real measure of the benefit secured by Indian trade as a result of the Ottawa agreement. Dr. Meek knew

better than to say so categorically in the body of his report, but we find other officials, as for example Sir Thomas Ainscough, using the statistics in this sense. Now even a moment's reflection by anybody who has had some elementary training in economics would show that these figures are utterly meaningless. They represent no more than the result of a mechanical multiplication of two sets of figures. The benefits secured by the Indian trader or trade may be indicated by an increase in the trader's profits and/or by an expansion of the trade over the previous level. And the reactions of a preferential treatment from trade to trade would vary enormously. In the case of a perfectly inelastic trade the benefit or loss suffered by the trader would be nil and the only effect of an increase or decrease in customs duties would be reflected in a variation of the price to the consumer. With a highly elastic or sensitive trade the effects, beneficial or otherwise, would be very large indeed. Without studying the detailed conditions of each trade there is no means of saying offhand or determining mechanically what benefits have been received. The official calculations are thus meaningless and we would hardly have thought it necessary to notice them if it were not obvious that they are very likely to mislead many persons.

In considering trade in each individual commodity the figures of its general expansion or contraction by themselves will not suffice. A particular movement of trade with the country may be part of a general movement of trade with all countries or may be part of a special trend, due to other causes, of that trade in that particular country. In either case a contraction or expansion could not be described as a result of the special tariff measure. The

contention put forward in the 1934-35 official report that a fall in the percentage of the exports to U. K. in a particular commodity is no necessary proof of the failure of the preference may be admitted and it may be agreed that the most important test is the increase in the proportionate share of India in the total imports into U. K. of the particular commodity. Of course, even if an increase is apparent the further question as to whether the increase is substantial enough and as to whether it is due directly to the preference or to other causes would still have to be asked.

II

We shall now indicate briefly the conclusions regarding trade in some of the most important export commodities using the figures given in the two official reports and the latest statistics as given in the "Indian Trade Journal" of 5th December 1935. The figures in brackets represent the values of the exports to U. K. for the years 1933-34 and 1934-35.

Tea (Rs. lakhs 17,56; 18,15.):—This is by far the most important article of export from India to U. K. and it was generally agreed at the time of the inauguration of the Ottawa arrangements that it was likely to profit somewhat from the preference. Even so it was clear that Indian producers had to depend on such a wide area for their market that protection in a single important area which would naturally result in intensified competition in other non-preferential markets was not in the long run of much real help. This was early realised by most producers of tea in India and Ceylon, and they had, therefore, directed their energies towards arriving at an arrangement with their

most important competitor—Java. An international scheme for the regulation of world tea exports was arrived at in May 1933 and has been in operation since. Hence for almost the entire period of the currency of the Ottawa agreement exports of tea to various countries have been regulated by national agreement among the main producers. The course of tea trade may be said, therefore, to have been entirely unaffected by the preference and no useful purpose can be served by discussing the statistics thereof. The Tea Restriction Scheme is working successfully and there is every prospect of its continuing to operate at least till 1938. Under the circumstances the grant of preference to tea becomes meaningless and may be considered as of no account.

Dressed and Tanned Hides and Skins (Rs. lakhs. 5,30; 4,86):—In the class of undressed leather (other than sole) for which preference has been granted to Empire products India supplies to U. K. tanned and dressed hides, and tanned and dressed goatskins and sheepskins. In all these products U. K. is by far the most important market for India and India the most important supplier to U. K. In 1927-28, for example, India supplied more than 90 per cent. of the total imports of tanned and dressed hides and goatskins into U. K. During the years 1930-31 and 1931-32 the Indian exports to U. K. of hides fell remarkably and so did their share in total U. K. imports. Since 1933 they have attained to their former position and it is presumed that the preference was helpful in enabling them to do so. In the case of skins the loss of market to others during the worst years of the depression was not large and hence there has been no con-

siderable advance in the percentage share since 1933. The goatskin market being almost entirely dominated by India, there is no scope for further advance. In sheepskins the fact that one of the competing sources of supply—Australia—is an Empire country limits the possibility of the remaining portion of the market being easily captured by India. This particular measure of preference, though it may have been helpful in enabling Indian exports in rising rapidly from the sharp fall in the depressed years, is not of a character likely to lead to a continuously expanding market. Seeing that these products have no important competitors in the U. K. market a free entry is all that is really needed by them.

Jute Manufactures (Rs. lakhs 1,56 ; 1,56.):—In the U. K. market the imports of jute manufactures from India have to meet practically no competition. This will be made clear from the figures of trade in jute bags and piece goods on the eve of the ratification of the Ottawa agreement, i. e. in 1932.

	Imports into U. K.	Imports from India.
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Jute sacks and		
bags '000 cwts.	730.2	707.4
Jute piece goods		
'000 sq. yards	68.6	67.3

It will be seen that in both cases India held more than 96 per cent. of the total U. K. market. There was no possibility of the preference further widening the market and no important movement of trade has, therefore, been visible during the years since 1933. Here is another case where what is really required by the Indian producer is not so much preference as merely free entry.

Linseed (Rs. lakhs 2,01; 1,28.):—It was generally agreed in 1932 that linseed was a crop which was most

likely to profit from a preferential treatment. The trade figures for 1933 and 1934 show a most revolutionary change in the imports of linseed into U. K. During these two years India supplied much larger quantities of linseed than Argentina, which has during the post-war period been the chief supplier to U. K. This change seems to have been chiefly due to a shortage of crops and an increase in price of the Argentine linseed. On account of the shortage of crops in Argentina the demand for Indian linseed increased not only in U. K. but in the entire world market. It is the relation between the prices of Plate linseed and Indian linseed that determines the off-take in the U. K. market and throughout 1933 and 1934 this was greatly in favour of India. No doubt the 10 p. c. preference must have been of some help in bringing this about, but the main reason was undoubtedly the crop conditions. This is made clear by the fact that the moment the Argentine crop and prices reverted to their normal, the imports of Indian linseed into U. K. declined heavily. The following table shows the imports into U. K. of linseed during the first nine months of the years 1933, 34, 35.

	1933.	1934.	1935.
Total '000 tons	182.1	152.2	173.3
India „	68.0	109.6	36.1
Argentina „	109.9	42.2	136.4

Groundnuts (Rs. lakhs 67; 1,70):—There has been a substantial increase in the imports of groundnut from India into U. K. and this may be partly attributed to the preference given to Empire groundnuts. There are two points, however, to be noted regarding this trade.

Firstly, India is not the sole Empire exporter of groundnut. British West Africa grows groundnuts on a considerable scale and its imports into U. K. have benefited very largely from the preference also. The possibilities of future expansion of the Indian market into U. K. are, therefore, limited by the strength of the competition of the W. African produce. The second point to be noted is the possibility of the substitution of groundnut by other oil-producing products. We had in our examination of the Ottawa agreement drawn attention to this feature of the oil seeds market and confirmation of it is available in the latest Government of India report on the agreement. It is here pointed out how the non-Empire imports of soya bean and cotton seed are increasing in spite of a duty and how this limits the market for groundnuts in U. K.

Castor Seed (Rs. lakhs 33; 31):—The U. K. market in castor seed was always held almost entirely by India and no difference has been made to the former position by the grant of preference.

Rice (Rs. lakhs 43; 50):—Preference may be said to have helped India to retain the U. K. market or slightly to increase it. The whole of the rice trade with U. K. is, however, unimportant and the position is best expressed by pointing out that while U. K. received in 1932-33 3.8 % of the total Indian exports of rice, in 1934-35 it received 4.8 % of these. The significance of the loss of rice markets of Germany and Poland is discussed elsewhere.

Teak and other Hardwoods (Rs. lakhs 49; 69):—Preference has been granted to teak and other

hardwoods and as teak is by far the most important of the exports from India it amounts practically to a preference for teak alone. India had even before the agreement been supplying U. K. with more than 80% of her total imports of teak-wood and this percentage has not increased during the last two years. The imports of teak have grown largely in recent years, but this has nothing to do with the grant of preference. Imports of all hardwoods into U. K. from all sources—Empire and non-Empire—have grown owing most probably to the boom in building and constructional industries and the Indian imports of teak-wood have merely shared in the general movement.

Tobacco (Rs. lakhs 47 ; 35) :—We had pointed out in our review in 1932 that from the analysis made by the Imperial Economic Committee it followed that preference to tobacco could be of no use to India. We export a very small proportion of our total production and what tobacco we exported was not of the type wanted in U. K. Dr. Meek's report and the latest Government of India report follow the same lines of analysis. The figures for both the years 1933 and 1934 show that with a large increase in the total tobacco imports into U. K. the figure of Indian imports is stationary, which means a large proportionate decline in India's share.

Coffee (Rs. lakhs 30 ; 21) :—Indian coffee has always had a small but select market in U. K. and it was not expected that a small measure of preference could much help it, even though the main competitor in the U. K. market of Indian coffee was non-Empire coffee from Central America. The result of the trade during the last two years

shows that the proportion of U. K.'s share in Indian exports and the absolute volume of these exports have both declined. There has been during these years a large and continuous decline in the total imports of coffee into U. K. The decline in Indian imports into U. K. was proportionate in 1933 but was less than proportionate in 1934. This, however, was entirely due to a short crop in British E. Africa, as is shown by the fact that the proportionate share of Costa Rica—India's chief competitor—also increased during this year. It would seem from the latest available figures that for the year 1935 even the 1932, 1933 position cannot be retained and that the share of Indian imports of coffee into U. K. will decline relatively both to British E. Africa and Costa Rica.

Imports into U. K. of Coffee for the first nine months.

	1933.	1934.	1935.
Total '000 cwts.	553.0	495.2	407.3
India	44.8	49.0	29.3
B. E. Africa	195.0	107.3	151.0
Costa Rica	231.4	225.4	177.4

III.

Pig lead:—(Rs. lakhs 1,30; 85) All the most important suppliers of lead to U. K. are Empire countries and hence it was not clear from the beginning how preference was going to improve the position of Indian lead in the U. K. market. Actually there has been a definite deterioration in the position since 1932. Australia and Canada have both made considerable advances. It is expected that the former was helped to do this by the exchange advantage that it had obtained. It is clear from the figures given in the Government of India report that the imports of Indian lead into U. K. have declined both in absolute volume as well as in their percentage to

total imports. This decline which is clearly noticeable in the 1933 and 1934 figures seems to have continued still further in 1935, as the following figures will show.

Imports into U. K. of pig lead for the first nine months.

	1933	1934	1935
Total '000 tons	208.7	228.1	243.5
India	39.9	31.5	33.0
Australia	107.2	118.2	132.9
Canada	53.0	56.5	67.0

Oilcakes :—(Rs. lakhs 86; 1,36) This is a composite group and detailed figures are not available regarding each of its separate constituents to enable us to judge of the detailed effect of the preference. By far the most important constituent of this group is, however, groundnut cake. From the statistics available (I. E. C. Report on Groundnut products, 1934) it is seen that in 1931 and 1932 the average percentage of Indian imports of the total imports into U. K. was 92. This was maintained in 1933. It is not known what the percentage was in 1934. It is, however, obvious that the competitors of India hold such a small part of the market that the scope for a beneficial effect of preference as such, if any, is extremely limited. The large expansion of Indian exports of groundnut cake in recent years follows naturally on the greatly increased demand in the U. K. and other markets. The point we have noted before that the oilcake trade is one which we need not be anxious specially to encourage is one to be borne in mind in this connection.

Carpets and Rugs :—(Rs. lakhs 57; 74) In carpets and rugs U. K. has been always our chief market and the exports to that country have increased

somewhat during the last two years. The percentage share of India in the total imports into U. K. under this head has also increased and this would show that the preference has been of some benefit to us.

Paraffin Wax :—(Rs. lakhs 55 ; 47) The figures of the imports of paraffin wax into the United Kingdom since 1931 show clearly that there has been no increase in the proportionate share of Indian imports to the total in 1933 and 1934. On the contrary there is noticeable some decline in that share.

Fodder, Bran and Pollards :—(Rs. lakhs 38; 65) This again is a composite group and in the absence of detailed information it is impossible to comment. The Indian imports into U. K. under this head are almost entirely made up of rice meal and dust and in that article the Indian imports have never met with any significant Empire or non-Empire competition.

Coir manufactures :—(Rs. lakhs 23; 25) This head has to be considered under two sections : coir yarn and coir mats and matting. The U. K. supply of the former has always been drawn almost entirely from two Empire sources—India and Ceylon. Since 1932 the only noticeable change in this trade has been an improvement in the share of the U. K. market by Ceylon at the cost of India. Of coir mats and matting India has always been the predominant supplier to U. K. but Belgium used also to send a substantial consignment. Today the Belgium imports into U. K. under this head have totally disappeared and the market is held entirely by India. It is doubtful, however, how far this result can be attributed to Ottawa as India already took up 98 p. c. of the U. K. market in 1932.

Pig Iron :—Under an agreement supplementary to the Ottawa agreement free entry has been granted to Indian pig iron into U. K. As the standard rate is 331½ p. c. and as there are no other Empire suppliers this has meant that the Indian supply has almost entirely captured the U. K. market. The U. K. market for pig iron is, however, not a large one and it has to be noted that pig iron imports into U. K. are not increasing in spite of the greatly increased activity in the iron and steel industry of that country.

Imports of pig iron into U. K. for the first nine months.

	1933.	1934.	1935.
Total '000 tons	67.9	87.5	64.9
India	60.3	76.4	54.0

Apart from preferential treatment the Ottawa delegation was able to secure free entry into U. K. for some of the articles in which India was specially interested. The most important among these articles are lac (Rs. lakhs 1,32 ; 1,46), mica (Rs. lakhs. 24 ; 35) and myrobolans (Rs. lakhs 29 ; 25). In lac and myrobolans India has usually supplied in recent times more than 95 p. c. of the total demand of the U. K. market. In mica also India has always been a dominant supplier and the competing sources are mostly within the Empire. With a mere free entry guaranteed no special movement of trade was expected ; neither has any come about.

Raw Cotton (Rs. lakhs. 3,37 ; 3,42) :—There is no preferential treatment accorded to raw cotton and its imports, from whatever source, were never subjected to any duty. The U. K. Government has merely undertaken to encourage the use of Indian cotton in U. K. and has set up a committee to carry on some propaganda and research

in this behalf. Apart from the expenditure—whose extent we are not able to ascertain—in connection with the work of this committee, there is no burden involved on the U. K. producer, consumer or taxpayer in this connection. Hence it is highly misleading to include raw cotton as falling within the scheme of preferences. It is very difficult to gauge how far the work of propaganda and research has been useful in extending the market for Indian raw cotton in England. The consumption of Indian raw cotton in U. K. has always been subject to considerable fluctuations, both in absolute amount and the proportion of the total of raw cotton imported into U. K. The following is the percentage of the imports of raw cotton from India of the total raw cotton imports into U. K. for a number of recent years:—1929: 6·8; 1930: 10·0; 1931: 9·7; 1932: 4·3; 1933: 7·8; 1934: 12·1. It will be observed that the 1933 percentage is less than the average of the three years preceding and even the 1934 percentage is not extraordinarily above the percentage for the years 1930 or 1931. The consumption of Indian raw cotton in U. K., it is well known, depends almost entirely on the relation between the price of Indian and American cotton. Now the parity (i. e. percentage of Indian price on American) between the prices of Middling American and Fine Broach at Liverpool was for the greater part of the year 1932 between 94 and 90; throughout 1933 it tended to come down and varied between 90 and 80 and it remained for the greater part of the year 1934 below 80. This would show that the progressive cheapening of Indian cotton in terms of American was by itself of sufficient magnitude to explain the greater consumption of Indian cotton by Lancashire in recent years. Even if it

were claimed that some part of the increase in consumption was due to the efforts of the Lancashire Committee we wish to emphasize the very great difference between a trade advantage obtained in this way and that obtained by preferential tariff treatment. There is, as a fact, not even a theoretical objection to favouring another country's goods by means of disseminating information and conducting research. It was along these lines that the activities of bodies like the Imperial Economic Committee and the Empire Marketing Board were carried on in Free Trade England, and no one could say that the costs of such activities are either excessive, wasteful or even onerous. As a fact they are in the long run advantageous to the country which incurs them. Research and a spread of knowledge of the ways in which Indian cotton can be used is of benefit to Lancashire itself and in the long run all steps that make Lancashire dependent less exclusively on the American supply of cotton are eminently to its own advantage. So that while one may acknowledge the possibility of the activities of the Lancashire Cotton Committee proving of some immediate use to the Indian raw cotton producer it should be made clear that they are of a type that lay no significant burden on the English producer, consumer and taxpayer and that they are of ultimate advantage to the Lancashire industrialists themselves. We, for our part, would never object to the most extensive reciprocity along these lines in favour of British goods. If the Indian Government can undertake activities by which the spread of information among consumers or the conduct of research work by government bodies in India would further the sale of any types of British commodities this should be certainly done in exchange for

similar treatment of Indian goods in England. We would not grudge any expenditure along these lines and we do not think that the monies will be ill spent. But we object most strongly to considering the costs of the activities of the Lancashire Committee as on a par with the sacrifices involved to the consumer and the tax-payer by a manipulation of the customs duties.

IV

We have examined above the movement of trade in all articles included in the Ottawa arrangements in which the exports from India to U. K. averaged during the years 1933-34 and 1934-35 at approximately more than Rs. 25 lakhs p. a. It is unnecessary to extend the examination to less important articles of trade. Before we go on to indicate the conclusions to which the above examination leads us it is necessary to note certain important reservations. It is extremely difficult to isolate the effect of preference, and any quantitative measurement of the effect of that policy is impossible. We have already commented on the misleading nature of the calculations entitled "advantage on landed cost" included in the Government of India reports. We have no idea as to what the state of trade would have been in the absence of the Ottawa agreement and, of course, cannot say that the increment in percentage shares noticed in individual commodities are, in any given proportion, to be attributed to this agreement. Indeed a change in trade volumes or percentages unless studied in relation to all the facts of the trade cannot warrant us in arriving at any conclusions. We have said above that all measures of interference such as a preferential tariff must have some repercussion on trade; but the extent of this repercussion

differs widely from trade to trade and hence the necessity of examining each item in detail. The important test in this examination that we have used is the percentage share of U. K. trade in any commodity that India obtains and the additional advantage gained, presumably as a result of preference. It is, however, also important in seeking preference or free entry for any commodity to consider whether the total U. K. market for it is important or not.

We note that the tea trade, being entirely extraneously regulated, shows no effects of the Ottawa agreement; in the case of tobacco, paraffin wax, lead, coir yarn and coffee there has been a definite decline in the percentage; in the case of jute manufactures, tanned skins, teak, oilcakes, bran and pollards, castor seed, coir mats and matting no significant difference in the percentage either way is to be observed; while in linseed, tanned hides, groundnut, rice, and carpets and rugs a definite advance in percentage has been noticed. The most important constituents of the free entry group are lac, mica and myrobalans. The speculation in shellac renders the recent trade figures of that commodity useless for drawing any conclusions; while in both mica and myrobalans no increase in the percentage share is noticeable.

The percentage relation by itself is not conclusive but when it is considered with the other relevant factors it makes certain deductions highly probable. In jute manufactures, tanned goatskins, teak, castor seed, lac, mica, myrobalans, groundnut oilcake, rice meal and dust etc. India is almost the sole supplier to the U. K. market. With no direct competitor in the field, a preference is of no more sig-

nificance than affording a duty-free entry to the market. It has been suggested that it helps in keeping off the competition of substitutes ; but this is an advantage whose existence requires much more concrete proof than has hitherto been made available. For example, what is the point at which jute manufactures may begin to be replaced by some alternative means of packing is not easy of determination. The Review of the Trade of India, 1934-35 notes how in some countries efforts at finding substitutes are being made; but in most of these cases the incentive is that afforded by an almost prohibitive scale of duties or that of deliberate attempt at self-sufficiency. It is clearly open to doubt whether the difference made by a 10 p.c. revenue duty would be large enough for this purpose. A 10 p.c. revenue duty would no doubt affect somewhat the position of a direct competitor but not materially that of a substitute commodity. We find that the effects of a 10 p.c. duty are a number of times countered even in the case of a direct competitor by such factors as exchange fluctuations or crop shortage. We, therefore, conclude that in the type of articles noted above a preference has little significance. We shall have something to say later *re* the obtaining of free entry.

There are next a series of articles in which the main competitor of the Indian article in the U.K. market is produce from another Empire country. This is for example the case with coir yarn where the competitor is Ceylon and tanned sheepskins and pig lead where the competitor is Australia. In these trades general Empire preference has meant practically no change from the pre-Ottawa conditions. There are other commodities such as coffee, paraffin wax and tobacco where the competitors from non-

Empire countries hold, on account of various reasons, such a strong position in the U. K. market that a preference of the degree of 10 p.c. or thereabouts has not helped to stop a further deterioration of the Indian position. It is, of course, possible to say in this case, as everywhere else, that the position would but for the preference have been worse. But even this is doubtful. In most such cases the U. K. market for Indian produce is a small and specialised one and the difficulties in the way of expanding or retaining it are mainly those of quality of produce or marketing organisation ; and a small measure of preference is thus unable to affect its position.

A definite rise in percentages is to be observed in the case of tanned hides, linseed, groundnut, carpets and rugs and rice. In tanned hides the normal position is that of India being the dominant supplier to the U. K. market. This position was temporarily lost during the years of depression and regained after 1933, hence the noticeable increase in percentage. In all the other products the competing sources of supply in the U. K. market being to a large extent outside the Empire, definite advantage of the preferential treatment has been available. It should be noted that the position of Indian rice in the U. K. market before Ottawa was substantially similar to that of Indian tobacco and coffee and that Indian rice has gained in the U. K. market only because the amount of preference given has been very high. The preference is indeed so high that it temporarily led to the creation of a flourishing rice-milling industry in U. K. on the basis of the imports of Spanish paddy which could come in subject to a 10 p. c. ad valorem duty. This import was put a stop to when on a representation by the Government of India the duty on

paddy was raised. While the increase in the trade in linseed and carpets and rugs was anticipated by us in 1932 it may be admitted that the course of groundnut trade has been different from what we had calculated it would be. It should, however, be observed that this is the result of an important change that has come over the world trade in groundnut and that we are likely to lose more in consequence in the French market than what we have gained in the British. U. K. before Ottawa drew its supplies of groundnut chiefly from India, British W. Africa and French W. Africa. These were also the chief sources of supply of our most important customer of groundnut, viz. France. To both U. K. and France India supplied the bulk of their groundnut requirements. The recent organisation of trade on Imperial lines has come to mean that U. K. has almost ceased to take up any groundnut from French W. Africa and that France is rapidly contracting her purchases of Indian groundnut. Now so far as groundnut is concerned the French market is vastly more important than the U. K. market. The consumption of groundnut in France in recent years has been on an average more than five times the consumption in U. K. (vide I. E. C. Survey 1934). Hence it is open to doubt whether, at least so far as groundnut is concerned, reorganisation of trade on Imperial lines can be held to be beneficial to India.

We have noted that preference has been of active use to Indian trade only on a limited range of commodities and that even among these commodities in one case, i. e. rice, the total share of our exports taken up by U.K. is extremely small. There remains to consider the question of free entry. We have noted above in the case of a number of commodities that, though

a preferential treatment has no particular value, obtaining a free entry to the U. K. market is helpful to the trade. One consideration may be noted at the very outset. It is that in the case of almost no important Indian export to U. K. does the commodity compete with U. K. home produce. Even in jute manufactures the Dundee products are substantially of a different type from those imported from Calcutta. The imports of Indian agricultural products do not compete directly or indirectly with British agricultural production. We are not thus affected by the new protectionist policy of Mr. Elliott either. Hence the main ground for opposing the abolition of import duty is in this case non-existent. Further except for rice, carpets and rugs and coir mats and matting almost none of the articles of export that we have examined above are consumers' goods. They are all in the nature of raw materials or subsidiary products helpful in the preparation of finished materials by U. K. manufacturers and hence it is obviously to the interests of the U. K. industrialists to obtain these with as light a fiscal burden as possible. That the U. K. manufacturer and trader is really anxious in this behalf is clear in a number of ways. Thus the linseed oil industry secured for itself from the beginning a rebate of 50 p. c. of the revenue duty on the non-Empire linseed contained in all exports of linseed oil products from U. K. This drawback was increased to 60 p. c. in 1934. Even so we learnt that "the linseed oil crushers in this country (U. K.) have been seriously prejudiced and resent the tax on their raw material." (The *Economist* Commercial History and Review of 1934, p. 44). The latest Government of India report on the working of the agreement notes (p. 102) how the U. K. tanners successfully

agitated for the removal of the duty on some non-Empire tanning materials. Similarly the 10 p.c. duty on lead having had a very depressing effect on the business in lead on the London Metal Exchange it was on the advice of the Import Duties Advisory Committee substantially reduced only a few months ago. The chances of at least a mild recovery in business are now much brighter than they were in 1932 and hence the U. K. manufacturers will be all the more anxious to obtain duty-free raw material for themselves. The raising of revenue was never an important consideration in the imposition of the import duties by U. K. and hence the question of the consequential loss of revenue need not be raised in this connection. Further as in the large majority of articles in which India is interested the U. K. market being held entirely by Empire producers or India being the sole Empire supplier the abolition of preferential treatment or the reduction of it to mere free duty is not likely to be opposed by interests in other parts of the Empire. The chief reason why in 1932 U. K. imposed import duties was, it was said, the anxiety to attain to a bargaining position with other countries. It is likely that the anxiety to continue to be able to bargain favourably with India may induce U. K. to refuse Indian products free entry even though such a step may be in the interests of U. K. manufactures. We shall, however, consider this aspect of the problem somewhat later.

We may then conclude this examination of the export trade of India by stating that it is only in the case of a very small number of our exports that preferential treatment has been of clear use to us and

that its continuance is likely to be helpful in the future only perhaps in the case of linseed, carpets and rugs and rice. It is also doubtful whether a preference on linseed will continue to be available in the future. On a large majority of the other products a free entry to the U. K. market is all that the Indian producers need and the grant of such free entry is essentially in the interests of the U. K. producers themselves.

V

We have made it abundantly clear above that no quantitative measurement of the effects of the Ottawa Agreement on our export trade is possible. It is even more difficult to gauge the cost to revenue and to our consumers of the preferences that we have in return extended to British goods. We do not undertake an examination of the increase in the imports of British goods into India as a result of preference, as the ascertaining of the profits accruing to British trade is neither relevant nor useful for our purpose. What is necessary and useful is to estimate the loss suffered by revenue on account of the preference and the increased burden on the consumer. For it is clear that the cost of the preference is borne by India partly in one way and partly in the other.

The Central Board of Revenue prepared for the Assembly Committee in 1934 a statement giving an appreciation of the effects of the Ottawa preferences on the customs revenue. This statement consists of three tables. In these tables are considered tariff headings (i) completely affected by the Ottawa Agreement, (ii) partially affected by the Agreement, and (iii) not affected by the Agreement. The tables

set out the customs revenue obtained in the years 1932-33 and 1933-34 under the various headings and indicate whether there has been an increase or a decrease. The conclusions arrived at are that under head (i) there has been a slight increase in revenue, under head (ii) a fair decrease and that the most substantial decreases have taken place under head (iii). It is supposed to follow from this that the Ottawa Agreement has not affected our customs revenue. It is difficult to understand how these figures can prove anything. The yield of customs revenue depends on two factors: (i) the extent of the trade and (ii) the rate of duty. When we are considering the problem of estimating the effects of preferential treatment on customs revenue we have to take two possible effects of preference into account: one that of contracting trade and affecting revenue and the other that of diverting trade from imports liable to a higher duty to those liable to a lower duty. In the case of those articles in which the level of duties did not rise at all as a result of the Ottawa Agreement the first type of effect would be totally absent.

For example, the duty on motor cars in Dec. 1932 was $37\frac{1}{2}\%$ and preference was given to U.K. by lowering that duty in the case of U. K. imports. In doing this no further obstacle to general trade was raised and one special section of it was encouraged in preference to others. The total effect of the Ottawa scheme on the motor customs revenue would be gauged by estimating the extent to which in that year trade was stimulated because of the preference—this would count on the credit side—and also estimating how far trade was merely diverted from cars liable to $37\frac{1}{2}\%$ duty to cars paying 30% duty—this would count on the debit side. It is only estimates of this nature

which would show the effects of preference on customs. Instead, the Board of Revenue gives the figure of increase in customs revenue from 1932-33 to 1933-34 and seems to consider that as measuring the effect of Ottawa. For aught we know, the trade in motor cars would have increased to the same extent even without the preferential treatment of British cars and the only effect Ottawa had was in increasing the sales of English cars at the expense of American cars and thus causing a loss to our revenues. At least, it is clear that the mere figures of customs revenue for the two years warrant us in drawing no conclusions.

In the absence of statistical information of this nature we can only proceed on the basis of estimating probable reactions of trade. The majority of preferences given were in the neighbourhood of about 10% and in the majority of cases the preferences were given by increasing the standard level by 5% and lowering the U. K. level by 5% as compared with the previous rate. It is difficult to say to what extent the demand contracted, or its recovery was impeded by the increase of the general rate of duty by 5% or thereabouts. But we are of opinion that in the majority of commodities the preference given to U. K. goods was not likely to stimulate trade. In those commodities in which U. K. was the dominant supplier and its supplies already priced low, trade could be stimulated by preference, but as in the case of the majority of articles this did not hold true, preference would have had the effect of merely bridging the competitive difference between British and non-British sources of supply and enabling the U. K. producer to expand his market at the cost of non-British competition or to hold his own. It is most

likely, therefore, that the effect of preference on our customs revenue was felt mostly by way of the loss entailed on account of the transference of a portion of the market to U. K. producers, i. e. the lightly taxed producers.

Another feature to be noticed about the tables presented by the Central Board of Revenue is the exclusion from the influence of Ottawa of cotton piece-goods and iron and steel. Formally the exclusion of iron and steel might have been correct in 1934; but as the 1935 Indo-British agreement balances the free entry to Indian pig iron against the preferential treatment of British iron and steel, even this no longer holds true. But in view of the Mody-Lees pact and the consideration of raw cotton under the Ottawa arrangements it was obviously never right to exclude cotton piece-goods. For our part we have always maintained that the preferences granted under cotton and iron and steel ought both to be reckoned in a measurement of the total effects of preferential arrangements. The value of trade under both these items is very considerable and the measure of preference accorded is also great. The preferential element, be it noted, in iron and steel has actually been increased in a number of items in 1934. It is extremely likely, therefore, that under them the loss of revenue is most marked.

There are not data enough to evaluate quantitatively the loss to revenue along lines indicated above. But it is only along such lines that an even approximately correct estimation of loss is possible. Whatever the loss in customs revenue sustained by us it is clear that we can ill afford it. It is notorious that the Central Government in India depends to a very

large extent on receipts from customs for its finance and it is the falling off of this revenue that has led it in recent years to resort to the very objectionable method of levying excises.

While it is difficult to attempt an estimate of the loss sustained by our revenues the burden imposed on the consumers by the preferential arrangements is almost impossible of estimation. Dr. Meek, for his report on the working of the Agreement for the year 1933-34, had caused to be compiled a series of statistics of comparative prices for the pre-Ottawa and post-Ottawa periods. Figures on the same lines have been given in the 1934-35 report also. The writer of the 1934-35 report has contented himself with pointing out the difficulties which make it impossible to draw any conclusions from these statistics of prices. Dr. Meek, however, in his report hazards the definite conclusion that the consumer has not suffered. It is evident that Dr. Meek was carried away by his too great enthusiasm in the cause of Ottawa. For it is otherwise not possible to explain how he could write sentences like the following and place them in juxtaposition :

Laatly the price reductions may have been effected by imperceptibly reducing the quality of the supplies . . . Some of the Collectors of Customs have definitely stated that some prices have been reduced at the cost of quality . . . But by whatever method the end was achieved the fact remains that the prices of both preferential and non-preferential items have fallen in most cases and the consumer has, therefore, profited to some extent as a result of the scheme of preferences.

To begin with it is obvious that Dr. Meek's claim amounts to saying that the consumer must benefit from a price reduction even though it has been brought about by a deterioration of the

quality of the commodity in question!! Further even though it be admitted that the prices have fallen, how can that fall be called a result of the scheme of preferences? The one way by which Dr. Meek tries to establish a connection between these two is by visualising the non-British importer as cutting down his prices in an attempt to compete with the British importer getting preferential treatment. No doubt temporarily such devices may be resorted to, but they cannot operate over a series of years. In the long run quality must suffer or the market given up. And if this did not happen and the non-British importer was always able to cut prices and keep his market why should the Britisher ask for the preference, unless it be, of course, out of benevolent intentions towards the Indian consumer? Further, even Dr. Meek admits that in commodities where international prices are controlled by rings this type of consideration would not operate. How such rings would take full advantage of the tariff wall is best exemplified by what happened in the case of galvanised sheets. When the supplementary agreement to Ottawa was entered into we had remarked that the consumer had now been delivered bound hand and foot into the hands of the combined iron and steel industries of Great Britain and India Government to put some check on this exploitation of the consumer imposed a maximum price on the trade but it transpires that this maximum was exceeded and Government never noticed this till it was reported on a year later by the Tariff Board.

As a fact the small price fall in recent times of imported articles has had nothing to do with preference. The imports of India mostly belong to the group of manufactures; and the last two years have witnessed a tendency towards the bridging of the gap

between the prices of agricultural and manufactured goods by a continued fall in the price level of the latter. The following table shows the movement of prices of these two groups of articles in India :

	Exported Articles.	Imported Articles.
Indian Index No.		
Dec. 1932	120	129
Dec. 1934	124	124
Calcutta Index No.		
Dec. 1932	69	115
Dec. 1934	76	109

The movement revealed by both these indices is identical. This is further a movement not confined to India. The League of Nations' Review of World Production and Prices (1925-34) notes that "in most countries for which information is available raw materials rose more (or fell less) in prices in 1933 than manufactured articles." In 1934 also the same movement was continued in a large number of countries. Supporting statistics may be cited from Japan which next to U. K. supplies to us the largest volume of our imports. The following figures are taken from the monthly circular of the Mitsubishi Economic Research Bureau :

Index No.	Commodities for export.	Imported commodities.
Jan. 7-1933	159.0	171.2
Jan. 10-1935	133.9	192.3

Japan imports mostly raw materials and exports manufactured articles. Hence the movement of prices in these groups is opposite to that shown in the table of Indian index number. It will be observed that the extent of the movement in the Japanese index numbers is even greater than that shown by the Indian

index numbers. It is unnecessary to enter into the causes of this tendency of price movements. For our purpose it suffices to point out that the price fall in imported commodities is the result of causes extraneous to the preference arrangements.

It has further to be noticed that the movement of exchange rates has been a factor powerfully affecting prices and trades. Thus, one of the reasons why Japan has been able to lower the prices of its goods is the exchange advantage obtained by it. On the other hand, the countries of the gold bloc and Germany have been handicapped by their exchange rates and have found it difficult to lower the prices of their products to any marked extent in the period since Ottawa. The extent to which exchange considerations may influence trade is clearly shown by the variations in the imports of motor vehicles into India. In 1933 helped by the adverse dollar exchange and the Ottawa preference Great Britain was able to capture a considerable portion of the Indian market for motor vehicles. In 1934, on the other hand, the depreciation of the dollar placed U.S.A., in its turn, in a favourable position and American cars recovered their old position in the Indian market in spite of the preference.

It has been maintained a number of times that the Ottawa arrangements have led to a lowering of tariff barriers. It is obvious that this is not true at least of India. It is not possible for us to compile an index of the level of customs duties. But it is enough to point out that of the 163 items contained in Schedule F to the Ottawa Delegation's report on which preference has been granted to U. K. the grant of preference has meant some raising of the general rate of duty in nearly 100 items. In most cases

this has been achieved by lowering the rate on British goods by half the measure of preference and adding half the measure to the general rate. On more than 15 items, however, Ottawa has meant raising of the general level of duty by the full measure of the preference. Now it can confidently be maintained that so far as consumer's prices and the real measuring of the tariff wall is concerned, it is the general rate that is the ruling one. It is not the height of the barrier at which one section of the supply comes in, but the height at which the general supply comes in that determines trade and prices. Hence the cases in which the tariff rate is lowered in favour of U.K. without lowering the standard rate are not to be reckoned as instances of a lowering of tariff barriers. They mean no doubt no additional burden to the consumer but they mean also, in general, no relief to him; and in their case it is the loss of revenue involved that measures the loss caused by preference to the country granting it.

It may perhaps be argued that this is not true of trades in which U. K. is the sole or at least the dominant supplier. It is difficult to determine to what extent this may be true. But we need not enter into any complicated analysis on this account. For, in contrast to the position which India holds in a great many lines in the U. K. market, it is only in a very few items of trade that U. K. can claim even as great as a three-fourths share of the Indian market. Among the groups of articles to which preference has been granted by India there are only four such items. These are: arms and ammunition, engine and boiler packing, toilet soap and cycles. And among these cheap Japanese soap has been kept out since December 1933 by a specific

minimum duty. On the other hand there are a large number of heads under which U. K. does not contribute even 25 per cent. of the total imports even after preferential treatment. The most important of these are earthenware and porcelain, haberdashery and millinery, packing paper, toys, umbrellas and motor omnibuses. We can in this connection do no better than quote a paragraph from what we wrote in 1932.

There are a great many important lines in which the U. K. importer is in so inferior a position that a large part of the supply will continue to be drawn from other countries in spite of the preference. Such lines are motor cars and lorries and pneumatic motor covers; metals like brass, aluminium and copper; metal lamps, enamelled iron-wares and builders' and domestic hardware; cutlery; electric lamps and fans; typewriters; blankets and rugs and woollen piece goods; printing and packing paper and pencils; canned fruit and condensed milk; porcelain; toys; playing cards etc. Secondly in these and even in others in which the United Kingdom is dominant non-British supply is mostly taken up by the poorer consumer. Mr. Ainscough emphasises again and again the strength of the competition in what he calls bazaar trade. The Indian consumer may be blamed for disregarding quality, but it is obviously his lack of means that forces him to do so. As Mr. Ainscough has himself put it at one place, "every pie counts." If for such a statement any authority is needed we may quote it in the words of the Fiscal Commission. "The great mass of the people in India, it must be remembered, are poor." And it is especially the poor that consume non-British goods. For these they evince a partiality because of their cheapness and we are now being asked to penalise them very heavily. In respect of tariff burdens the Fiscal Commission has clearly laid down; "Such burden as appears to us inevitable in the pursuit of a policy of more rapid industrial development of India, the Indian consumer must be asked to bear. But he should not be called upon to bear an additional burden on top of this for the further-

ance of interests which are not primarily Indian." (para 243). This additional burden is being imposed, it should further be remembered, at a time when, on account of the fall in world prices, the mass of the Indian population is enormously poorer than it has been for many years past.

In a number of commodities mentioned above the U. K. share has increased since the grant of preference, but in most of them non-British supplies are still very important and all of these now bear a higher duty than before. It is always extremely difficult to measure the burden on the consumers and in this case the task is rendered impossible by a contemporary fall in the prices of manufactured articles. But there is nothing in the situation that can lead us to believe that the burden of the tariff has not been passed on to the consumer.

VI

We have, it will be seen, made no attempt to balance directly the gains that may be available to India under the Ottawa Agreement against the losses and sacrifices entailed by it. We feel that it is impossible to estimate, quantitatively either of these sides even in an approximate way. It is necessary thus to emphasise these difficulties as there have been current in this discussion some entirely misleading calculations of this character. There are the crude calculations of advantage on landed costs which have been used in a peculiar way by Sir T. Ainscough and which have been used by publicists in U. K. to support the statement that India has gained more than U. K. by the Ottawa Agreement. But there is even such a statement as the following by Dr. Meek which requires careful examination :

"The situation may be summarised in the statement, that although after the Ottawa Trade Agreement the United Kingdom has improved her position in the Indian Market, there is still a good deal of leeway for her to make up. On the other hand, she has proved an increasingly important market for Indian goods." Here, prefacing the sentence with the words "after the Ottawa trade agreement" seems to imply a causal relation of the later trends in trade with the agreement for which there is not the slightest justification. Our detailed examination of the Indian export trade has clearly shown that the development of recovery in U. K. has affected in varying proportions the different trades and that very little of this development can be attributed to Ottawa as such. On the other hand, the statement that the U. K. has a good deal of leeway to make up is based on the assumption of a normal level. The normal level that Dr. Meek assumes is that of the pre-1929 trade of U. K. with India. But this level can no longer be considered normal. It is true that since 1929 the favourable merchandise trade balance that U. K. had with us has considerably diminished; but this is due to certain fundamental factors that are unlikely to be affected by preferential arrangements.

It is necessary in this connection to emphasize a very important change in the direction of world trade that is progressively affecting international trade since 1929. This change, which has been very generally recognised by economists in recent years, has been termed the "trend to bilateralism." With an increasing height of tariff and other barriers to trade and increasing attempts at national self-sufficiency nations are regulating the measure of their trades.

directly one with the other. The multilateral system of trade in which surpluses of trade balances with one country were balanced by deficits in that with another has almost broken down. This has led to a great many adjustments in trade relations and we maintain that the recent changes in the trade balances between U. K. and India are for the most part results of this movement. We are not concerned with the merits of bilateralism, neither is it necessary for us to consider the economics of it. We merely note that Ottawa itself was a very important step in the progress towards bilateralism. The abandonment of free trade on the part of U. K. and the attempt at the organisation of trade on Imperial lines within the British Empire were very important stages in this movement. No doubt they were in part themselves caused by other earlier movements in this direction. But it is equally true to say that they helped considerably to intensify the situation. The protestations at Ottawa that Imperial preference will in course of time lead to freer trade all over the world did not even then find much credence ; today they are thoroughly discredited. This trend towards bilateralism is so important a change, the probability that the changes brought about by it are durable is so high and the way in which it affects our trade with U.K. so intimate that we shall deal with it and its results at some length. We may begin this by describing the nature of the old trade relations with an extract from a publication of a Scandinavian Bank.

The excess of imports of the United Kingdom, which during the years immediately preceding the depression was fairly constant, amounted in 1929 to £382 millions, a sum which may be taken as representing the yield of the overseas investments of the country, the income of the merchant marine in foreign traffic and net profits on

account of various other business activities, after deduction of the amount by which capital exports exceeded capital imports in the form of amortizations, etc. The most important item of income was, of course, the yield of long-term investments abroad, which according to the estimates of the Board of Trade amounted to £250 millions.

According to statistics available for 1930, only 2½% of British long-term capital abroad is invested in the United States and 7½% in Europe. It may thus be estimated that about nine-tenths of the income from foreign investments are derived from other countries. Probably the other payments by means of which England met her excess of imports were also due mainly from these countries.

Some 80% of excess of imports arose, however, in trade with Europe and the United States and only 20% in trade with other countries. In fact, several of the countries indebted to the United Kingdom, for example India, Brazil and Australia imported more from that country than they sold there; but the balance of their total trade was active on account of their large exports to the United States and Continental Europe.

The transfer of the large amounts which the raw material producing countries had to pay in England was therefore performed in the following manner. These countries sold their products to all industrial countries of the world and employed their exports surplus with the United States and the industrial countries of Continental Europe for payments to England. England in her turn employed the currencies she thus obtained for purchases of various products, particularly industrial goods, in the last mentioned countries. These latter were to a considerable extent dependent upon their export surplus with England for their supply of foreign raw materials and foodstuffs. (Folke Hilgerdt : *The Approach to Bilateralism* : Index. Stockholm. Aug. 1935.)

This extract brings out very well the importance to India of its export surplus in the trade with U. S. A. and the countries of the European continent. It was only this export surplus that enabled us to buy the manufactures of U. K. in such great excess of

the value of our exports to that country and in addition to pay the various burdensome but invisible obligations that we owe to it. Bilateralism has meant inevitably the steady diminution of our export surpluses with other countries. The specially strong position that some of our products hold has no doubt steadied the rate at which our export surpluses have declined but no exports are entirely substitute-proof and when nations are bent on obtaining self-sufficiency or a closed economy within a group there are, it seems, no lengths to which they will not go. Hence though gradual, the tendency towards diminution of our export surplus has been continuous.

The following table shows the values of the export and import trade of India with the more important countries. It exhibits clearly the change in the character of the pre-1929 trade relations and demonstrates how with the vanishing of our export surplus with other countries our imports from U. K. have diminished. It has further to be remembered that even so, the balancing of our obligations in recent years has been made possible only by a draining of our capital or reserve resources by means of exports of gold.

VALUE OF INDIAN TRADE [Rs. lakhs]

COUNTRY.	Exports to			Imports from		
	Average 1926-27 to 1928-29	1933- 1934.	1934- 1935.	Average 1926-27 to 1928-29	1933- 1934.	1934- 1935.
U.K.	70,10	47,21	47,93	114,33	47,59	53,72
Japan	34,82	16,36	20,80	17,34	12,61	24,14
Germany	28,65	9,84	7,17	16,03	8,89	10,11
U. S. A.	36,26	14,07	12,90	18,68	7,18	8,41
Belgium	11,03	4,48	4,38	7,16	2,66	2,16
France	15,85	7,37	5,29	4,21	1,51	1,53

If we lose our export surplus we lose both the capacity to buy from U. K. and to pay for our invisible obligations. And the only way in which U. K. can extract these payments from us is by creating a direct surplus of merchandise trade in our favour. The whole lesson of the post-war reparations and debt tangle has been this; that a creditor country which wants to recover its interest and other charges must buy freely the products of its debtors. U. K. in many of its recent trade agreements has shown due appreciation of the importance of this by providing more for debt and interest recovery than expansion of its export trade. It is this consideration that lies at the bottom of its solicitude for the imports of Argentine and other South American countries. In this also lies the great strength of our position vis-a-vis U. K. We are both the biggest market for U. K. producers and U. K.'s biggest debtor and the biggest source of the invisible imports of U. K. Mr. Hilgerdt, in the article from which we have quoted, points out how during the years 1929 to 1934 the flow of trade along multilateral channels has enormously shrunk. The greater proportionate diminution of the imports of U. K. into India is the result entirely of this change. Even so U. K. was the only important country with which India had an import surplus during both the years 1933-1934 and 1934-35. If the whole world trade becomes entirely bilateral—and there is nothing in the world situation to-day that prevents us from making this assumption—then U. K. must buy from us to the total extent of the value of what she sells to us and the value of our invisible obligations.

VII

The view put forward by official spokesmen that on the one hand it was the wickedness of foreign countries that forced on U. K. the policy of import restrictions and imperial preference and that on the other hand the Ottawa agreements have not had any effect whatever in intensifying the international trade situation is really too naive. "Retaliation" may or may not be a myth. It is useful to remember that the bogey is not newly raised but is at least as old as the memorandum on Imperial Preference by Lord Curzon's government. There are a number of ways in which the possibility of retaliation is disputed. In the first instance it is pointed out that Imperial Preference is not usually considered in international trade as "discrimination" against foreign countries. On this general question it is enough to record the following opinion of Prof. A. Zimmern: "The combination of a system of reciprocity within the Empire with the most-favoured-nation system in external relations is no doubt illogical and thus lays itself open to criticism." (*Index*, June 1933.) In practice what is and what is not considered "discrimination" changes from time to time. When the measure of Imperial Preference is not considerable foreign countries may not trouble themselves about it; but if its effects are deeply felt it will certainly be resented. It is, for example, an open question whether under the new U. S. A. policy of unconditional extension of reductions of customs duties to all countries not discriminating against U. S. A. the preferential agreements within the Empire will be interpreted as being discriminating or not. It again depends on what you interpret as "retaliation." Was

the action of Japan in stopping imports of Indian raw cotton retaliatory in character or not? And will Japan in the next renewal of the trade agreement put up with such a high measure of preference in favour of U. K. goods, especially cottons?

As regards retaliation in general, it may well be said that today no retaliation (except in such a case as the tariff-war between U. K. and the Irish Free State) is to be noticed in the world. For, it is not a question of general easy conditions of trade to be made more difficult against a particular country. It is rather the variety and difficulty of the general barriers that have to be discriminatingly lowered. No country has retaliated on any other; each has raised barriers against all others. Today, therefore, the situation is that no country fears retaliation but rather hopes for favourable discriminating treatment. And the only way of obtaining this favourable treatment is to negotiate a bilateral treaty. The crux of the whole situation is thus whether we are free to use our bargaining position to the fullest advantage when negotiating with other countries.

It has been taken for granted by some official apologists that it is no use entering into bilateral treaties with countries with which we have a favourable balance. For, if the principle of compensation is applied this favourable balance is either way bound to vanish. It is obvious that such writers have not had any acquaintance with even official trade literature such as the reports of the Indian Trade Commissioner at Hamburg. The Trade Commissioner at Hamburg has commented in the past on the steady diminution in India's exports of various commodities to European countries, such as that of rice to Poland, oilseeds to France and Germany, etc. He

has invariably given as the reason for this diminution our not having entered into trade agreements with these countries. The best exposition of our position vis-a-vis these European countries is to be found in the latest annual report of the Trade Commissioner (*Indian Trade Journal*, Dec. 19, 1935). Here it is pointed out that already India has lost all its favourable balance of trade with Germany. Imports and exports just equal and they must continue to equal under the operation of Dr. Schacht's new plan of compensation trade. But this is not all; for, even with a trade treaty, we cannot expect a highly favourable balance of trade. The real danger, in the opinion of the Trade Commissioner, is not disappearance of the favourable balance of trade but the possibility that in the absence of trade agreements, the total volume of trade will continue to shrink. "One inevitable result of Germany's adoption of compensation trade and clearing agreements is that she has changed her sources of raw material supplies. She is now obtaining large quantities of raw materials, which she formerly bought from India from countries with whom she has clearing agreements." In the Trade Commissioner's opinion, these circumstances are likely to continue for something like a decade and if that happens he points out that we shall have permanently lost a good customer. He says: "This is a very serious danger and one which must receive due consideration." The Trade Commissioner's final comment on the whole situation is as follows:—

With the exception of jute, Indian raw materials do not enjoy any monopoly of supply to the German markets, and under the present abnormal conditions India can only maintain even the form of trade with equally balanced exports and imports to and from Germany by means of compensation or barter trade. Under these conditions

an expansion of exports from India to Germany postulates an expansion of imports into India from Germany.

In considering the costs involved by the Ottawa agreement we must, therefore, pay attention to a cost other than the loss of revenue and the increased price to the consumers. This additional cost, to which we attach very great importance, is the effect that the Agreement has on our capacity to bargain with other countries.

In this connection we may note the peculiar character of the Ottawa agreement between U. K. and India. By this agreement U. K. accorded preferential treatment or free entry to a small number of the export products of India. Of the total value of the exports from India to U. K. covered by the Ottawa agreement the exports of tea alone amount to nearly 50 p. c. ; and the total value of the articles of exports that we have examined in detail above amounts to more than 95 p. c. Prof. Zimmern thus characterises the effect of Ottawa on U. K. : "The Ottawa agreements have left Great Britain far freer than was generally expected before the event to negotiate treaties for tariff reduction with other countries. It is indeed only in respect of some 30 articles that her tariff is 'tied' in favour of the Dominion." (*Index*, June 1933). The preferential treatment accorded by India to U. K. ranges on the contrary over a very wide list of commodities of all kinds. And the problem before us is: if our tariff gets "tied" in favour of U. K. on almost all the more important items in our import trade, what is there left for us to offer to the other countries?

The problem of a trade treaty with Japan will arise in an acute form in the near future. Whatever the unwillingness of the Indian Government to allow

any manufactures other than British a fair chance in the Indian market, Japan as an important customer for our raw materials holds such a strong position that it can easily force the hands of our Government. At the time of the last treaty a raw cotton boycott had to be successfully enforced by Japan for some months before our Government woke to a sense of its responsibility in this matter. In recent years Japan has proved a good buyer not only of raw cotton but of other articles such as pig iron, pig lead and lac. On the sales of raw cotton to Japan depends a great deal the prosperity of large tracts of agricultural India. Of pig iron Japan has always been our most important customer and even in the post-Ottawa period the take-off by Japan of our pig iron has been much more than double that by U. K. Our sales of pig lead and lac to Japan have increased very noticeably during the year 1934-35. We can ill afford to discriminate against such an important customer of ours and we must, if we want to expand the Japanese market for our products, be willing to extend the same opportunity to Japanese producers in respect of at least some of their export lines. The position of our trade relations with Germany has been made clear above by extracts from the Trade Commissioner's report. The U. S. A. President is recently following a policy of entering into trade treaties with other countries and of allowing general benefit of a large number of reductions in customs duties only to countries that do not discriminate against U. S. A. All the countries of continental Europe and as a fact all over the world are now working by way of negotiating bilateral treaties. We have noted above how U. K. has been left free to negotiate with other countries bilateral treaties on favourable

terms in spite of Ottawa. In the case of India however, the opposite is the case. The imports that she receives from her important customers like Japan, Germany, U.S.A., France and Belgium all compete with some portion or other of the imports from U. K. and are mostly covered under the Ottawa preferential arrangements. We should, therefore, be obviously unwise to accept the detailed schedules of Ottawa on which to give preference to U. K. or to accept the general principle of preferential treatment as propounded in the 1935 Indo-British agreement.

VIII

"Where, however, important and influential nations are concerned which can command the acquiescence of weaker nations in less rigid interpretations of this principle of competitive equality much progress is possible. Perhaps the Ottawa agreements of 1932 in which Great Britain, her colonies and self-governing dominions all participated are a case in point. But if these Ottawa pacts illustrate the possibility of a wide extension of areas enjoying comparatively unimpeded trade they also clearly indicate the underlying conditions necessary for success. There is no need here to review the results of the Ottawa Conference and assess its value to the mother country and to the dependencies. But it would not be easy to refute the criticism that this series of trade agreements between the several parts of the British Empire have been trade-diverting rather than trade-enlarging in their effects. Moreover, they demand sacrifice on the part of some of the participants which in the long run may prove to be intolerable"—Prof. J. G. Smith "Economic Nationalism and International Trade", December 1935.

The above quotation from the Presidential Address of Prof. J. G. Smith to Section F of the British Association brings out clearly the nature of the agreements entered into at Ottawa. The Ottawa scheme has not been of India's seeking, and Imperial

Preference as a general policy has always been held to be not in the interests of India whether by Lord Curzon's Cabinet or the majority of the Fiscal Commission. It was because U. K. imposed import duties to attain to a bargaining position with respect to the other countries that imperial preferential arrangements are said to have become necessary. For, it is alleged that if we had not entered the Ottawa scheme we would have lost free access to the "world's most stable and largest open market". This involves the assumption that the Ottawa agreement between England and India reflects correctly the economic needs and bargaining position of the one with respect to the other. We have already indicated how it is only in the case of few commodities like tea, linseed or tanned hides and skins that U. K. is a dominant market for our products. We are not in the position in which other Empire countries like Australia and New Zealand find themselves, that of having to look to and secure chiefly one—the U.K. market. Neither can we hope for such an extension of the U. K. market for our products as to absorb the bulk of them, even if such an absolute dependence on one market were not otherwise undesirable. We are under the necessity of having to sell a large variety of raw products to a large number of different countries. In some exports, most important from the point of view of the peasantry, such as raw cotton and rice, the U. K. market plays a most insignificant part. Whatever our anxiety, therefore, for keeping a hold on the U. K. market, we cannot afford to do anything which will jeopardise our position in the other important world markets for our products.

We have clearly shown above the strong position that many of our products hold in the U. K.

market and the great importance of the majority of them to the U. K. manufacturer. Today when many industrial countries—U. K. prominently among them*—seem to be in the midst of a process of economic recovery they must be specially anxious to obtain their raw materials tax-free. The “necessity of obtaining raw materials in the cheapest market” has been put forward as one of the safeguards against retaliation on India by non-British foreigners. Presumably this necessity operates with equal force on the British industrialists. In asking for a free entry for our products we shall thus be not calling for any special sacrifice on the part of the British consumer, producer or tax-payer. Apart from this our position when bargaining with U. K. is one of the strongest, as we are that country’s most important market and the most considerable debtor. We have discussed in detail this aspect of the question above. Any obstacles that U. K. puts in the way of the expansion of Indian exports to that country can merely result in a contraction of our imports of British goods. Hence the U. K. manufacturer has need to be quite as anxious regarding our export trade as about our import trade. If bilateralism progresses apace our export surpluses will in due course entirely vanish; we must awake from now to the new situation that will soon confront us. It may not be possible for us to negotiate for an export surplus but we should at least attempt to maintain our trade relations with other countries lest their entire market slips away from us by stages. We must try to stabilise by trade treaties, at least at the lower level that bilateralism demands, our exports to these other countries.

* The “Economist” index of business activity in U. K. has moved from 95½ in Jan. 1933 to 116½ in Jan. 1936.

An attempt has been made recently in a series of notes issued by the Director of Information on Trade Policies to draw a red-herring across the trail. These notes set out to compare the merits of various trade policies and emphasize the defects of the method of bilateral treaties comparing it specially with the application of the most-favoured-nation clause. In reply to such contentions it may in the first instance be pointed out that India is not in a position today to choose independently for herself her foreign trade policy. We are not in a position to set an example to the world and we must make the best of the international situation in which we find ourselves. Whatever our own wishes in the matter we must seek trade treaties with other countries if our failure to do so means an entire extinction of our trade with them. And that this is likely to happen we have proved above by reference to the course of our trade relations with Germany. Further in seeking trade treaties of this kind we shall only be following the most respectable precedents. That most right-minded of nations—the U. K.—has followed up Ottawa by a series of bilateral treaties with countries in all parts of the world. Canada has only recently negotiated an agreement with U. S. A. and Australia has sent delegations to many countries in the East for the purpose of these negotiations. U. S. A. has further shown how insistence on the application of the most-favoured-nation treatment can be combined with the technique of negotiating bilateral treaties. The supporters of the National Government in England have been at pains to show how the trade with countries with whom agreements have been concluded has increased specially rapidly. It would thus seem clearly necessary and desirable for us to follow this

method. Government-inspired criticisms of these trade policies can only mean that they begin to wear a different aspect and have a different result east of the Suez. We are not advocating, we have always most strenuously opposed, the spread of further restrictionism. But when it becomes clear that our exports to other countries are dwindling rapidly, because our Government would not try and enter into trade treaty relations with them, we are surely justified in asking for an exploration of the means of formulating such treaties, and when it is clear that the general adoption of Imperial preference is not called for in India's interests, and that the benefits we can receive therefrom are very small as compared with the sacrifices and the handicaps that it involves, we are surely justified in denouncing the Ottawa scheme.

In the management of bargains the positions of India and U. K. may be usefully contrasted. Each time U. K. has skilfully manipulated the tariff so as to benefit herself. The latest example of such manipulation was afforded by the way in which the duties on iron and steel imports into U. K. were temporarily put up to enormous heights in view of the negotiations with the International Steel Cartel and thus unexpectedly favourable terms were secured in the agreement of the U. K. producers with that body. On the contrary our Government is interested each time in favouring U. K. manufactures without any chance of obtaining a return, the latest example of this being Article 1 of the Indo-British treaty of 1935. It is difficult to understand why the Government of India should go out of its way to state that the normal Indian protective arrangements may be of a character so as to be pre-

ferential to U. K. It has all along been disputed by Indian publicists that the preferential element in our protective tariff has come in without any reference to U. K. interests and it has been repeatedly pointed out that the interest of the consumer could be protected without introducing this preference. But even if this contention were incorrect such a gratuitous admission, which is tantamount to deprecating on one's own motion the benefit of the preference granted to others, must be unique in bilateral trade treaties. It is not to be found in any British treaty with any Dominion, though it is obvious that the comparative competitive positions of the British and the non-British producers are the same in other countries as in India. And the great disparity in results may be emphasized by the fact that in the Indo-British trade treaty of 1935 the free entry into U. K. to Indian pig iron, the total value of which trade is in the neighbourhood of Rs. 20 lakhs, is balanced against the most substantial preferential treatment to British iron and steel imports into India worth nearly Rs. 3 crores. In the same way the preferential treatment to imports of British cotton piecegoods worth annually a good deal over Rs. 10 crores is often set off against the propaganda on behalf of Indian raw cotton exports to U. K.!! Cotton piecegoods and iron and steel are our most valuable import trades and the throwing away of these preferences in the supposed interests of the consumer can best be described as a result of the "acquiescence of a weaker nation" in a "less rigid interpretation of the principle of competitive equality."

If the fiscal autonomy convention is real and our Government, both disposed and able to use to the fullest our bargaining position, then the time has come, in our opinion, to change radically the

structure of Ottawa so far as India is concerned. We have in our former publication shown how the position of India differs materially from that of the Dominions and how a general policy of Imperial preference is not in our interests. Whatever the decisions taken by Dominion Governments, we on our part should not think of anything but a bilateral treaty within a strictly limited compass with U. K. And we should immediately follow the example of Australia and make energetic attempts to enter into trade agreements with other countries. In 1932 we wrote as follows on this question :

Mere trade bargains are innocuous, nay, they may in a large majority of cases be actually beneficial. And there is no reason why we should not enter into a trade bargain with any country because it happens to be a part of the British Empire. For example, if the Ottawa delegation had not gone beyond negotiating for a preference for tea and linseed and free entry for a few products like tanned hides and skins, pig iron or shellac as against, say, the existing preference on cotton piecegoods and iron and steel, the bargain could have been considered purely on its own merits. It would not have committed us specially towards either the United Kingdom or the British Empire and we could have had an entirely free hand in negotiating with other countries. But the Ottawa agreement, with its long schedules, commits us to a general preferential policy and to the principle of exploring Empire buying as far as possible.... Either the policy of Imperial preference is meant to be lasting and in that case there are no advantages to India in joining this economic block and becoming even more dependent on and tied up to the United Kingdom than it is at present. Or the policy is conceived of as a temporary measure preparing the ground for world co-operation. Then in the latter case it is obviously necessary that we do not commit ourselves so deeply as to remould our economic activities on an Empire basis.

Changing circumstances may shift the emphasis from one trade to another; but all that has transpired since the ratification of the Ottawa agreement confirms our belief in the fundamental position we took up in 1932.



APPENDIX

Table I

EXPORTS FROM INDIA (VALUE RS. LAKHS)

Article.	1931-32	1932-33	1933-34	1934-35
<i>Jute Manufactures</i>				
Exports to all countries.	2,192·4	2,171·2	2,137·5	2,146·8
Exports to U. K.	186·4	174·6	160·2	159·7
<i>Tea.</i>				
Exports to all countries.	1,943·7	1,715·3	1,984·5	2,013·2
Exports to U. K.	1,692·8	1,478·5	1,756·6	1,814·6
<i>Rice not in the husk</i>				
Exports to all countries.	1,740·0	1,374·4	1,019·7	1,009·6
Exports to U. K.	27·4	33·6	30·1	87·1
<i>Groundnut.</i>				
Exports to all countries.	1,013·7	725·2	694·7	631·4
Exports to U. K.	114·7	62·7	70·9	174·9
<i>Skins Tanned..</i>				
Exports to all countries.	313·7	304·2	323·8	324·5
Exports to U. K.	276·8	277·0	291·8	291·2
<i>Paraffin Wax.</i>				
Exports to all countries.	231·7	201·9	228·9	191·9
Exports to U. K.	76·1	36·7	54·7	46·8

Article.	1931-32	1932-33	1933-34	1934-35
<i>Hides Tanned</i>				
Exports to all countries	212·7	162·1	240·8	197·6
Exports to U. K.	208;2	159·3	238·3	194·5
<i>Oilseed cake.</i>				
Exports to all-Countries,	200·7	196·5	164·7	197·0
Exports to U. K.	72·5	72·4	86·1	116·2
<i>Coir yarn, Mats and Mattings.</i>				
Exports to all-Countries,	190·1	129·1	151·6	142·9
Exports to U. K.	98·8	53·1	62·8	60·3
<i>Shellac.</i>				
Exports to all-Countries,	183·9	124·2	246·4	330·0
Exports to U. K.	45·0	32·8	131·8	146·0
<i>Lead.</i>				
Exports to all-Countries,	178·0	152·5	156·6	139·5
Exports to U. K.	105·2	119·0	129·8	89·0
<i>Linseed.</i>				
Exports to all-Countries,	153·1	91·1	457·5	299·8
Exports to U. K.	16·5	16·5	201·2	128·0
<i>Castor Seed.</i>				
Exports to all countries,	149·7	130·4	105·0	85·4
Exports to U. K.	33·6	35·7	35·5	31·8

Article.	1931-32	1932-33	1933-34	1934-35
<i>Coffee.</i>				
Exports to all countries.	94·5	109·8	102·5	72·7
Exports to U. K.	27·9	33·9	30·3	21·4
<i>Tobacco,</i>				
Exports to all countries.	85·4	77·1	93·8	82·0
Exports to U. K.	39·5	36·8	47·4	34·7
<i>Bran, Pollard etc.</i>				
Exports to all countries.	74·2	68·9	46·6	77·2
Exports to U. K.	48·2	54·0	38·0	64·8
<i>Woollen Carpets and Rugs.</i>				
Exports to all countries.	56·7	63·5	72·7	89·8
Exports to U. K.	40·6	44·6	56·5	73·9
<i>Teakwood</i>				
Exports to all countries.	56·6	40·2	62·1	94·2
Exports to U. K.	34·3	28·4	39·9	65·5

Table II

NOTE :— The figures for the year 1935 have been taken
from the Indian Trade Journal (12 March 1936).

IMPORTS INTO U. K.

Article.	1931	1932	1933	1934	1935
<i>Tea.</i>					
Lbs. (000).					
Total Imports.	535,446	565,962	505,032	507,596	475,600
Imports from India	276,963	311,964	279,974	274,906	269,000
Percentage.	51·72	55·11	55·43	54·15	56·56
<i>Leather.</i>					
(Undressed Skins.)					
cwt. (000).					
Total Imports.					
Imports from India—	147·8	141·7	158·4	165·1	
	98·5	102·1	111·7	123·5	
Percentage.	66·89	71·83	70·88	75·15	
<i>Hides Undressed.</i>					
(000 cwts.)					
Total Imports.	297·5	252·8	267·8	271·7	
Imports from India	188·6	203·2	235·2	239·6	
Percentage.	63·42	80·23	87·68	88·23	
<i>Groundnut.</i>					
Tons (000)					
Total Imports.	138·7	96·8	131·6	112·7	139·9
Imports from India	81·3	57·6	69·8	72·5	89·8
Percentage.	58·27	59·79	53·03	64·60	64·18
<i>Jute Manufactures</i>					
In. Sq. Yds. (000)					
Total Imports.	71,917	68,666	56,250	60,820	71,486
Imports from India	56,759	67,332	55,076	60,644	71,406
Percentage.	78·90	98·05	97·91	99·71	99·9
<i>Shellac.</i>					
cwts. (000)					
Total Imports.	120	108	171	440	93
Imports from India	117	105	167	436	87
Percentage.	97·50	97·22	97·66	99·09	93·6

Article	1931	1932	1933	1934	1935
<i>Linseed.</i>					
Tons (000)					
Total Imports.	338	362	249	184	257
Imports from India	15	9	131	140	58
Percentage.	4.43	2.48	52.61	76.08	22.6
<i>Oilseed Cake.</i>					
Tons (000).					
Total Imports.	459	423	387	558	
Imports from India	126	101	159	238	
Percentage.	27.45	23.87	41.08	42.7	
<i>Pig Lead.</i>					
Tons (000)					
Total Imports.	299	262	282	313	317
Imports from India.	49	44	55	42	43
Percentage.	16.38	16.79	19.50	13.41	13.4
<i>Cleaned Rice whole</i>					
Cwts (000)					
Total Imports.	1,441	1,592	1,034	1,358	1,186
Imports from India.	453	527	644	808	896
Percentage.	31.43	33.10	62.28	60.23	75.5
<i>Woollen carpets and Rugs.</i>					
(In thousand Sq. yards)					
Total Imports.	3,554	2,572	2,505	2,706	
Imports from India.	760	1,073	1,277	1,761	
Percentage.	21.38	41.71	50.97	65.07	
<i>Teakwood.</i>					
Cubic feet (000)					
Total Imports.	1,187	826	863	1,555	1,921
Imports from India.	869	731	782	1,372	1,788
Percentage.	73.20	88.49	90.61	88.23	93.07

Article.	1931	1932	1933	1934	1935
<i>Bran, Pollards etc.</i> Tons (000)					
Total Imports.	391·6	524·9	545·5	657·6	
Imports from India.	159·1	184·1	196·6	245·3	
Percentage.	40·56	35·04	36·08	37·23	
<i>Coir Mats and Mattings.</i> Sq. Yds. (000)					
Total Imports.	6,563	6,962	8,497	7,912	8,405
Imports from India.	5,332	6,817	8,385	7,820	8,346
Percentage.	81·24	97·91	98·68	98·83	99·3
<i>Paraffin Wax.</i> (000 cwts)					
Total Imports.	1,312	1,192	1,046	1,016	1,141
Imports from India.	491	337	213	235	265
Percentage.	37·42	28·27	20·36	23·12	23·22
<i>Tobacco</i> Unmanufactured Lbs. (mill)					
Total Imports	194·0	174·9	211·1	239·3	251·6
Imports from India	9·3	9·2	13·0	9·8	11·5
Percentage	4·79	5·26	6·15	4·09	4·57
<i>Castor Seed</i> (Tons 000)					
Total Imports.	31	25	33	35	36
Imports from India	25	20	30	32	29
Percentage.	80·64	80·00	90·90	91·42	80·6
<i>Coffee.</i> Cwts. (000)					
Total Imports.	751	742	659	542	483
Imports from India	46	50	45	49	30
Percentage.	6·12	6·73	6·82	9·04	6·2
<i>Coir yarn.</i> Cwts. (000)					
Total Imports.	451	216	148	153	165
Imports from India	403	199	125	124	140
Percentage.	89·35	92·12	84·45	81·04	84·8

